

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 487 - SB 796

February 22, 2011

SUMMARY OF BILL: Requires an automatic continuance upon the request of the respondent in a contested case hearing held under the Uniform Administrative Procedures Act. The hearing shall not be held until both parties certify that they are ready for the hearing to take place. Authorizes either party to request a hearing date to be set if an unreasonable amount of time has passed.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$100,000/One-Time

Increase State Expenditures – Exceeds \$2,500,000

Increase Federal Expenditures – Exceeds \$3,000,000

Decrease Local Revenue – Exceeds \$100,000/One-Time

Increase Local Expenditures – Exceeds \$100,000*

Assumptions:

- Enactment of the bill could result in delay of the disposition of contested cases since the respondent will always be able to receive a continuance of the first scheduled hearing.
- According to the Department of Safety, 8,000 asset forfeiture cases involving property are heard each year with 6,400 of those cases involving vehicles. Of this number, 700 vehicles are seized by the Department. The Department estimates that these cases will be extended an average of six months. Storage of these vehicles will be maintained for longer periods of time resulting in increased costs to the Department. The increase in costs will depend on the number of vehicles seized, the length of time each vehicle is held, the number that will be stored at commercial facilities, and the additional cost per day for storage of each vehicle. Such costs cannot be determined but can be reasonably estimated to exceed \$100,000 annually.
- In addition, local governments will also incur increased storage costs since an excess of 5,000 vehicles will require additional storage for up to six months. Such costs cannot be determined but can be reasonably estimated to exceed \$100,000.
- There will be a one-time deferral of revenue to state and local governments due to the delay in the forfeiture awards. Such loss of revenue cannot be determined but can be reasonably estimated to exceed \$100,000 in the first year.

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- According to the Department of Human Services (DHS), approximately 24,600 administrative hearings were held in FY09-10. The majority of these hearings were for the TennCare, Food Stamp and TANF programs. Because the majority of appellants continue to receive benefits during the time of their appeal, appellants will receive additional benefits during any continuation of their appeals. The average monthly TANF grant is \$529 for child care. The average monthly Food Stamp benefit is \$285. Based on these benefit costs and the increase in requested continuances, DHS estimates an annual cost exceeding \$1,800,000 for the TANF program and an additional cost of \$1,700,000 to the federal Food Stamp program. This estimate is based on a continuance lasting no longer than 30 days.
- According to the TennCare Bureau, TennCare enrollees who are disputing termination from the program will be allowed to continue hearings for a longer period of time. TennCare currently averages 294 appeals per month with 84 continuations, with benefits being paid during any continuances. The Bureau estimates that appeals will increase to 391 per month and new continuations will increase to 139 per month resulting in an increase in state expenditures exceeding \$675,000 and an increase in federal expenditures exceeding \$1,300,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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